

QUESTIONS REGARDING THE HISTORY OF THE AUDIT STAFF 1953-1956

1. What were the consequences of the organizational changes made in the position of the Audit Staff during the period?

During the period field Audit Branches were developed in the Far East, in Europe, and in the Middle East. These Branches perform audits at the site and as a result of those audits have found many things needing correction which would not have been discovered through the procedures previously in effect whereby accounts were audited on the basis of records submitted to Headquarters.

2. How did the career development program affect the Audit Staff? Was a policy of rotation adopted?

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Rotation has been an existing policy of the Audit Staff since the overseas program was adopted. There has been some difficulty in applying it due to the fact that health or family conditions do not permit of its full application. This has rendered it impracticable to apply a complete rotation policy. However, it is not believed that the audit program has suffered therefrom.

3. How did relations develop with the Office of Logistics, particularly with reference to property control?

Relations with the Office of Logistics have been excellent during the period and recommendations of the Audit Staff for improvement in procedures and their application have been cheerfully adopted.

4. What were the accomplishments achieved in the audit of proprietary projects? What cover arrangements were developed?

The Audit Staff has been able to maintain a current program of auditing proprietary projects. This involves the audit of all proprietary projects once each year. To accomplish this it has been necessary to employ public accounting firms in a limited number of cases where the cover division or the interested operating division was of the opinion that it was inadvisable, for cover reasons, for the Audit Staff personnel to make the audit. Where public accountants

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were employed and it was necessary to make them witting, the auditors used by the audit companies on the particular projects were cleared by the Office of Security.

5. What were the audit developments with regard to the large subsidy projects? To what extent was it possible to use unwitting public accountants?

In a few cases the Audit Staff has been able to use its personnel for the audit of subsidy projects and in other cases ~~unwitting~~ accountants have been used. In view of the nature of the subsidy projects it is extremely difficult to perform a sound audit of their operations. The Audit Staff must be guided in this matter by the judgment of the operating division and the cover division as to when it is practical from a cover standpoint to audit this type of project.

6. What were the developments in the audit of financial accounts at Headquarters?

The audit of financial accounts at Headquarters has been maintained on a current basis by the Audit Staff and changes in procedures and corrections of irregularities found have been cheerfully done by the Comptroller.

7. What were the developments in the audit of industrial contracts?

The detail audit of industrial contracts is performed by the Industrial Contracts Audit Branch of the Comptroller's office. As such audits apply prior to payment of the accounts, the Audit Staff does review in a general way the work of the Industrial Contracts Audit Branch and on occasion reviews in detail specific audits. This procedure is similar to that followed by the General Accounting Office in its audit of other departments of the Government and obviates duplication of effort.

8. What were the accomplishments during the period of the field audit unit? What was done about the audit of small field stations?

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9. What were the trends in the work load of the Audit Staff during the period?

The work of the Audit Staff has been continuing upward due to an increase in the number of stations and projects developed within the Agency and the fact that with the improved training and enlargement of the Audit Staff it has been practicable to extend the audit into a more comprehensive type than it has been practicable prior to this period.

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This paper was
brought here this afternoon
by [REDACTED]

It should be stamped
"Secret", and dated.

I thanked him
in your behalf.

On P.C.

9:00 pm

6 Jan 1959